

## CONFERENCE COMMITTEE REPORT DIGEST FOR EHB 1380

**Citations Affected:** IC 2-5; IC 4-3; IC 6-2.5; IC 6-3.1; IC 6-3.5; IC 27-5.1; noncode.

**Synopsis:** Various economic development matters. Establishes a process by which the small business coordinator may submit comments about the impact of a proposed bill to the office of management and budget (OMB). Authorizes the OMB to review the comments. Requires, after review by the OMB, the comments to be posted to the general assembly's web site by the legislative services agency. Provides that certain transactions occurring after December 31, 2006, and before January 1, 2009, that involve tangible personal property are exempt from sales tax if the person acquiring the property acquires it for the person's direct use in the direct production of a motion picture. Revises the wage standards for eligibility for an EDGE credit for retaining jobs. Provides that an applicant for an EDGE credit for the retention of jobs must employ at least 35 persons (instead of 75 as required by current law). Increases the \$5,000,000 per year cap on the amount of EDGE credits that may be granted to retain existing jobs during each state fiscal year to \$10,000,000 per year. Applies the cap to state fiscal year 2006 and each state fiscal year thereafter (current law imposes a cap only through state fiscal year 2007). Removes the January 1, 2008, deadline for making investments in machinery, equipment, or special purpose buildings used to make motion pictures or audio productions that are eligible for the Hoosier Business Investment Tax Credit (HBITC). Extends the deadline by which a qualified investment must be made in order to be eligible for the HBITC until January 1, 2012. Reduces from \$500,000,000 to \$100,000,000 the amount of annual worldwide revenue that a business must have in order to qualify for the headquarters relocation tax credit. Requires a business to employ at least 75 employees in Indiana to receive the headquarters relocation tax credit. Provides that the credit is available for taxable years beginning after December 31, 2005 (instead of December 31, 2006). Authorizes counties, cities, and towns that receive county economic development income taxes (CEDIT) to: (1) establish local venture capital funds; and (2) establish regional venture capital funds by pooling CEDIT revenues and grant proceeds. Provides that a regional venture capital fund shall be administered by a governing board. Authorizes the governing board to make grants or loans from the fund to public or private entities for economic development purposes. Provides that a farm mutual insurance company may elect taxation under the gross premium tax. **(This conference committee report does the following: (1) Provides that certain transactions occurring after December 31, 2006, and before January 1, 2009, that involve tangible**

personal property are exempt from sales tax if the person acquiring the property acquires it for the person's direct use in the direct production of a motion picture. (2) Increases the aggregate amount of EDGE credits available for job retention and applies the cap to state fiscal year 2006 and each state fiscal year thereafter. (3) Reduces the number of persons that must be employed by an applicant to be eligible for an EDGE credit for retaining jobs. (4) Removes the January 1, 2008, deadline for investments in machinery, equipment, or special purpose buildings used to make motion pictures or audio productions that are eligible for the HBITC. (5) Extends the deadline by which a qualified investment must be made in order to be eligible for the HBITC until January 1, 2012. (6) Reduces from \$500,000,000 to \$100,000,000 the amount of annual worldwide revenue that a business must have in order to qualify for the headquarters relocation tax credit. (7) Requires a business to employ at least 75 employees in Indiana to receive the headquarters relocation tax credit. (8) Provides that the headquarters relocation credit is available for taxable years beginning after December 31, 2005 (instead of December 31, 2006). (9) Provides that a farm mutual insurance company may elect taxation under the gross premium tax.)

**Effective:** January 1, 2006 (retroactive); April 1, 2006; July 1, 2006; January 1, 2007.

# CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1380 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 economic development and taxation.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 2-5-1.1-19 IS ADDED TO THE INDIANA CODE
- 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2006]: **Sec. 19. The legislative services agency, under the**
- 8 **direction of the legislative council, shall establish a process that**
- 9 **permits small business impact comments concerning proposed**
- 10 **legislation to be posted on the general assembly's web site after**
- 11 **submission by the office of management and budget under**
- 12 **IC 4-3-22-16.**
- 13 SECTION 2. IC 4-3-22-16 IS ADDED TO THE INDIANA CODE
- 14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
- 15 JULY 1, 2006]: **Sec. 16. (a) As used in this section, "coordinator"**
- 16 **means the following:**
- 17 (1) A small business regulatory coordinator (as defined in
- 18 IC 4-22-2-28.1(b)).
- 19 (2) An ombudsman designated under IC 13-28-3-2.
- 20 (b) Each coordinator may review proposed legislation affecting
- 21 the small businesses that are regulated by the agency or that would

be regulated by the agency under proposed legislation. A coordinator may submit to the OMB written comments concerning the impact of proposed legislation on small business.

(c) The OMB may review comments received under subsection (b). The OMB may amend the comments. After completing its review, the OMB shall transmit the comments to the legislative services agency for posting on the general assembly's web site. The comments submitted under this section shall be transmitted electronically in a format suitable for posting to the general assembly's web site as determined by the legislative services agency.

SECTION 3. IC 6-2.5-5-41 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]: Sec. 41. (a) As used in this section, "motion picture production" means:

(1) a feature length film, including a short feature and an independent or studio production, or a documentary; or  
 (2) a television series, program, or feature;  
 produced for any combination of theatrical or television viewing, or as a television pilot. The term includes preproduction, production, and postproduction work. However, the term does not include a motion picture that is obscene (under the standard set forth in IC 35-49-2-1) or television coverage of news or athletic events.

(b) Except as provided in subsection (d), a transaction involving tangible personal property is exempt from the state gross retail tax if the person acquiring the property acquires it for the person's direct use in a motion picture production in Indiana after December 31, 2006.

(c) For purposes of this section, the following are not considered to be directly used in the production of a motion picture production:

(1) Food and beverage services.  
 (2) A vehicle or other means of transportation used to transport actors, crew members, or any other individual involved in a motion picture production.  
 (3) Fuel, parts, supplies, or other consumables used in a vehicle or other means of transportation used to transport actors, crew members, or any other individual involved in a motion picture production.  
 (4) Lodging.  
 (5) Packaging materials.

(d) A person is not entitled to an exemption under this section with respect to a transaction involving tangible personal property acquired for direct use in a motion picture production in Indiana if the transaction occurs after December 31, 2008.

SECTION 4. IC 6-3.1-13-15.5, AS AMENDED BY P.L.197-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2006]: Sec. 15.5. This section applies to an application

proposing to retain existing jobs in Indiana. After receipt of an application, the corporation may enter into an agreement with the applicant for a credit under this chapter if the corporation determines that all the following conditions exist:

(1) The applicant's project will retain existing jobs performed by the employees of the applicant in Indiana.

(2) The applicant is engaged in research and development, manufacturing, or business services, according to the NAICS Manual of the United States Office of Management and Budget.

(3) The average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds **the greater of the following:**

(A) for an application submitted before January 1, 2006; the average compensation paid during that same period to all employees in the county in which the applicant's business is located by at least five percent (5%); or

(B) for an application submitted after December 31, 2005; the amount specified by the calculation associated with one (1) of the following descriptions that characterizes the number of businesses in the NAICS industry sector to which the applicant's business belongs:

(i) (A) If there is more than one (1) business in the same NAICS industry sector **as the applicant's business** in the county in which the applicant's business is located, ~~determine~~ the average compensation paid during that same period to all employees working in ~~the same that~~ NAICS industry sector in ~~the that~~ county in which the applicant's business is located multiplied by one hundred five percent (105%).

(ii) (B) If the applicant's business is the only business in the same NAICS industry sector in the county in which the applicant's business is located but there is more than one (1) business in the same NAICS industry sector **as the applicant's business** in Indiana, ~~determine~~ the average compensation paid during that same period to all employees working in ~~the that~~ NAICS industry sector throughout Indiana multiplied by one hundred five percent (105%).

(iii) If the applicant's business is the only business in the same NAICS industry sector in Indiana, ~~determine~~ (C) The compensation for that same period corresponding to the federal minimum wage multiplied by two hundred percent (200%).

(4) The applicant employs at least ~~seventy-five (75)~~ **thirty-five (35)** employees in Indiana.

(5) The applicant has prepared a plan for the use of the credits under this chapter for:

(A) investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits; or

(B) other direct business related investments, including but not limited to training.

(6) Receiving the tax credit is a major factor in the applicant's

1 decision to go forward with the project, and not receiving the tax  
2 credit will increase the likelihood of the applicant reducing jobs in  
3 Indiana.

4 (7) Awarding the tax credit will result in an overall positive fiscal  
5 impact to the state, as certified by the budget agency using the best  
6 available data.

7 (8) The applicant's business and project are economically sound  
8 and will benefit the people of Indiana by increasing or maintaining  
9 opportunities for employment and strengthening the economy of  
10 Indiana.

11 (9) The communities affected by the potential reduction in jobs or  
12 relocation of jobs to another site outside Indiana have committed  
13 local incentives with respect to the retention of jobs in an amount  
14 determined by the corporation. For purposes of this subdivision,  
15 local incentives include, but are not limited to, cash grants, tax  
16 abatements, infrastructure improvements, investment in facility  
17 rehabilitation, construction, and training investments.

18 (10) The credit is not prohibited by section 16 of this chapter.

19 (11) If the business is located in a community revitalization  
20 enhancement district established under IC 36-7-13 or a certified  
21 technology park established under IC 36-7-32, the legislative body  
22 of the political subdivision establishing the district or park has  
23 adopted an ordinance recommending the granting of a credit  
24 amount that is at least equal to the credit amount provided in the  
25 agreement.

26 SECTION 5. IC 6-3.1-13-18, AS AMENDED BY P.L.197-2005,  
27 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28 APRIL 1, 2006]: Sec. 18. (a) The corporation shall determine the  
29 amount and duration of a tax credit awarded under this chapter. The  
30 duration of the credit may not exceed ten (10) taxable years. The credit  
31 may be stated as a percentage of the incremental income tax  
32 withholdings attributable to the applicant's project and may include a  
33 fixed dollar limitation. In the case of a credit awarded for a project to  
34 create new jobs in Indiana, the credit amount may not exceed the  
35 incremental income tax withholdings. However, the credit amount  
36 claimed for a taxable year may exceed the taxpayer's state tax liability  
37 for the taxable year, in which case the excess may, at the discretion of  
38 the corporation, be refunded to the taxpayer.

39 (b) For state fiscal ~~years 2004, 2005, year 2006 and 2007, each~~  
40 **state fiscal year thereafter**, the aggregate amount of credits awarded  
41 under this chapter for projects to retain existing jobs in Indiana may not  
42 exceed ~~five ten~~ million dollars ~~(\$5,000,000)~~ **(\$10,000,000)** per year.

43 SECTION 6. IC 6-3.1-26-8, AS AMENDED BY P.L.199-2005,  
44 SECTION 19, IS AMENDED TO READ AS FOLLOWS  
45 [EFFECTIVE JULY 1, 2006]: Sec. 8. (a) As used in this chapter,  
46 "qualified investment" means the amount of the taxpayer's expenditures  
47 in Indiana for:

48 (1) the purchase of new telecommunications, production,  
49 manufacturing, fabrication, assembly, extraction, mining,

processing, refining, finishing, distribution, transportation, or logistical distribution equipment;

(2) the purchase of new computers and related equipment;

(3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities;

(4) onsite infrastructure improvements;

(5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, finishing, distribution, transportation, or logistical distribution facilities;

(6) costs associated with retooling existing machinery and equipment;

(7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry; and

(8) costs associated with the purchase ~~before January 1, 2008,~~ of machinery, equipment, or special purpose buildings used to make motion pictures or audio productions;

that are certified by the corporation under this chapter as being eligible for the credit under this chapter.

(b) The term does not include property that can be readily moved outside Indiana.

SECTION 7. IC 6-3.1-26-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 26. (a) This chapter applies to taxable years beginning after December 31, 2003.

(b) Notwithstanding the other provisions of this chapter, ~~a taxpayer is not entitled to the corporation may not approve~~ a credit for a qualified investment made after December 31, ~~2007,~~ **2011**. However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, ~~2008,~~ **2012**, forward to a taxable year beginning after December 31, ~~2007,~~ **2011**, in the manner provided by section 15 of this chapter.

SECTION 8. IC 6-3.1-30-2, AS ADDED BY P.L.193-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 2. As used in this chapter, "eligible business" means a business that:

(1) is engaged in either interstate or intrastate commerce;

(2) maintains a corporate headquarters at a location outside Indiana;

(3) has not previously maintained a corporate headquarters at a location in Indiana;

(4) had annual worldwide revenues of at least ~~five one~~ hundred million dollars ~~(\$500,000,000)~~ **(\$100,000,000)** for the taxable year immediately preceding the business's application for a tax credit under section 12 of this chapter; and

(5) commits contractually to relocating its corporate headquarters

to Indiana.

SECTION 9. IC 6-3.1-30-8, AS ADDED BY P.L.193-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 8. **(a)** A taxpayer that:

- (1) is an eligible business;
- (2) completes a qualifying project; ~~and~~
- (3) incurs relocation costs; ~~and~~

**(4) employees at least seventy-five (75) employees in Indiana;** is entitled to a credit against the taxpayer's state tax liability for the taxable year in which the relocation costs are incurred. The credit allowed under this section is equal to the amount determined under section 9 of this chapter.

**(b) For purposes of establishing the employment level required by subsection (a)(4), a taxpayer may include:**

**(1) individuals who:**

**(A) were employed in Indiana by the taxpayer before the taxpayer commenced a qualifying project; and**

**(B) remain employed in Indiana after the completion of the taxpayer's qualifying project; and**

**(2) individuals who:**

**(A) were not employed in Indiana by the taxpayer before the taxpayer commenced a qualifying project; and**

**(B) are employed in Indiana by the taxpayer as a result of the completion of the taxpayer's qualifying project.**

SECTION 10. IC 6-3.1-30-12, AS ADDED BY P.L.193-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department:

- (1) proof of the taxpayer's relocation costs;**
- (2) proof that the taxpayer is employing in Indiana the number of employees required by section 8 of this chapter; and**
- (3) all other information that the department determines is necessary for the calculation of the credit provided by this chapter.**

SECTION 11. IC 6-3.5-7-13.1, AS AMENDED BY P.L.118-2005, SECTION 2, AND AS AMENDED BY P.L.214-2005, SECTION 21, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, 25, 26, and 27 of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) Except as provided in sections 15, 23, 25, 26, and 27 of this chapter, revenues from the county economic development income tax



1 may be used as follows:

2 (1) By a county, city, or town for economic development projects,  
 3 for paying, notwithstanding any other law, under a written  
 4 agreement all or a part of the interest owed by a private developer  
 5 or user on a loan extended by a financial institution or other lender  
 6 to the developer or user if the proceeds of the loan are or are to be  
 7 used to finance an economic development project, for the retirement  
 8 of bonds under section 14 of this chapter for economic development  
 9 projects, for leases under section 21 of this chapter, or for leases or  
 10 bonds entered into or issued prior to the date the economic  
 11 development income tax was imposed if the purpose of the lease or  
 12 bonds would have qualified as a purpose under this chapter at the  
 13 time the lease was entered into or the bonds were issued.

14 (2) By a county, city, or town for:

15 (A) the construction or acquisition of, or remedial action with  
 16 respect to, a capital project for which the unit is empowered to  
 17 issue general obligation bonds or establish a fund under any  
 18 statute listed in IC 6-1.1-18.5-9.8;

19 (B) the retirement of bonds issued under any provision of Indiana  
 20 law for a capital project;

21 (C) the payment of lease rentals under any statute for a capital  
 22 project;

23 (D) contract payments to a nonprofit corporation whose primary  
 24 corporate purpose is to assist government in planning and  
 25 implementing economic development projects;

26 (E) operating expenses of a governmental entity that plans or  
 27 implements economic development projects;

28 (F) to the extent not otherwise allowed under this chapter,  
 29 funding substance removal or remedial action in a designated  
 30 unit; or

31 (G) funding of a revolving fund established under IC 5-1-14-14.

32 (3) *By a county, city, or town for any lawful purpose for which*  
 33 *money in any of its other funds may be used.*

34 ~~(3)~~ (4) *By a city or county described in IC 36-7.5-2-3(b) for*  
 35 *making transfers required by IC 36-7.5-4-2. If the county*  
 36 *economic development income tax rate is increased after April*  
 37 *30, 2005, in a county having a population of more than one*  
 38 *hundred forty-five thousand (145,000) but less than one hundred*  
 39 *forty-eight thousand (148,000), the first three million five*  
 40 *hundred thousand dollars (\$3,500,000) of the tax revenue that*  
 41 *results each year from the tax rate increase shall be used by the*  
 42 *county only to make the county's transfer required by*  
 43 *IC 36-7.5-4-2. The first three million five hundred thousand*  
 44 *dollars (\$3,500,000) of the tax revenue that results each year*  
 45 *from the tax rate increase shall be paid by the county treasurer*  
 46 *to the treasurer of the northwest Indiana regional development*  
 47 *authority under IC 36-7.5-4-2 before certified distributions are*  
 48 *made to the county or any cities or towns in the county under this*  
 49 *chapter from the tax revenue that results each year from the tax*

rate increase. In a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), all of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for additional homestead credits under subdivision ~~(4)~~ (5).

~~(4)~~ (5) This subdivision applies only in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Except as otherwise provided, the procedures and definitions in IC 6-1.1-20.9 apply to this subdivision. All of the tax revenue that results each year from a tax rate increase described in subdivision ~~(3)~~ (4) that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for additional homestead credits under this subdivision. The following apply to additional homestead credits provided under this subdivision:

(A) The additional homestead credits must be applied uniformly to increase the homestead credit under IC 6-1.1-20.9 for homesteads in the county, city, or town.

(B) The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state property tax replacement credit under IC 6-1.1-21 or the state homestead credit under IC 6-1.1-20.9.

(C) The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(D) The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

~~(5)~~ (6) This subdivision applies only in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000). Except as otherwise provided, the procedures and definitions in IC 6-1.1-20.9 apply to this subdivision. A county or a city or town in the county may use county economic development income tax revenue to provide additional homestead credits in the county, city, or town. The following apply to additional homestead credits provided under this subdivision:

(A) The county, city, or town fiscal body must adopt an ordinance authorizing the additional homestead credits. The

ordinance must:

(i) be adopted before September 1 of a year to apply to property taxes first due and payable in the following year; and

(ii) specify the amount of county economic development income tax revenue that will be used to provide additional homestead credits in the following year.

(B) A county, city, or town fiscal body that adopts an ordinance under this subdivision must forward a copy of the ordinance to the county auditor and the department of local government finance not more than thirty (30) days after the ordinance is adopted.

(C) The additional homestead credits must be applied uniformly to increase the homestead credit under IC 6-1.1-20.9 for homesteads in the county, city, or town.

(D) The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state property tax replacement credit under IC 6-1.1-21 or the state homestead credit under IC 6-1.1-20.9.

(E) The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1.

(F) The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

**(7) For a regional venture capital fund established under section 13.5 of this chapter or a local venture capital fund established under section 13.6 of this chapter.**

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

(F) structures;

(G) rehabilitation, renovation, and enlargement of buildings and

1 structures;  
 2 (H) machinery;  
 3 (I) equipment;  
 4 (J) furnishings;  
 5 (K) facilities;  
 6 (L) administrative expenses associated with such a project,  
 7 including contract payments authorized under subsection  
 8 (b)(2)(D);  
 9 (M) operating expenses authorized under subsection (b)(2)(E);  
 10 or  
 11 (N) to the extent not otherwise allowed under this chapter,  
 12 substance removal or remedial action in a designated unit;  
 13 or any combination of these.

14 *(d) If there are bonds outstanding that have been issued under*  
 15 *section 14 of this chapter or leases in effect under section 21 of this*  
 16 *chapter, a county, city, or town may not expend money from its*  
 17 *economic development income tax fund for a purpose authorized*  
 18 *under subsection (b)(3) in a manner that would adversely affect*  
 19 *owners of the outstanding bonds or payment of any lease rentals due.*

20 SECTION 12. IC 6-3.5-7-13.5 IS ADDED TO THE INDIANA  
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 22 [EFFECTIVE JULY 1, 2006]: **Sec. 13.5. (a) The general assembly**  
 23 **finds that counties and municipalities in Indiana have a need to**  
 24 **foster economic development, the development of new technology,**  
 25 **and industrial and commercial growth. The general assembly finds**  
 26 **that it is necessary and proper to provide an alternative method**  
 27 **for counties and municipalities to foster the following:**

- 28 (1) Economic development.
- 29 (2) The development of new technology.
- 30 (3) Industrial and commercial growth.
- 31 (4) Employment opportunities.
- 32 (5) The diversification of industry and commerce.

33 The fostering of economic development and the development of  
 34 new technology under this section or section 13.6 of this chapter for  
 35 the benefit of the general public, including industrial and  
 36 commercial enterprises, is a public purpose.

37 (b) The fiscal bodies of two (2) or more counties or municipalities  
 38 may, by resolution, do the following:

- 39 (1) Determine that part or all the taxes received by the units  
 40 under this chapter should be combined to foster:
  - 41 (A) economic development;
  - 42 (B) the development of new technology; and
  - 43 (C) industrial and commercial growth.
- 44 (2) Establish a regional venture capital fund.

45 (c) Each unit participating in a regional venture capital fund  
 46 established under subsection (b) may deposit the following in the  
 47 fund:

- 48 (1) Taxes distributed to the unit under this chapter.
- 49 (2) The proceeds of public or private grants.

(d) A regional venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.

(e) The fiscal body of each participating unit shall approve an interlocal agreement created under IC 36-1-7 establishing the terms for the administration of the regional venture capital fund. The terms must include the following:

- (1) The membership of the governing board.
- (2) The amount of each unit's contribution to the fund.
- (3) The procedures and criteria under which the governing board may loan or grant money from the fund.
- (4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(f) An interlocal agreement made by the participating units under subsection (e) must provide that:

- (1) each of the participating units is represented by at least one member of the governing board; and
- (2) the membership of the governing board is established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may not exceed the number of members of the governing board required to establish a quorum.

(g) A majority of the governing board constitutes a quorum, and the concurrence of a majority of the governing board is necessary to authorize any action.

(h) An interlocal agreement made by the participating units under subsection (e) must be submitted to the Indiana economic development corporation for approval before the participating units may contribute to the fund.

(i) A majority of members of a governing board of a regional venture capital fund established under this section must have at least five (5) years of experience in business, finance, or venture capital.

(j) The governing board of the fund may loan or grant money from the fund to a private or public entity if the governing board finds that the loan or grant will be used by the borrower or grantee for at least one (1) of the following economic development purposes:

- (1) To promote significant employment opportunities for the residents of the units participating in the regional venture capital fund.
- (2) To attract a major new business enterprise to a

participating unit.

(3) To develop, retain, or expand a significant business enterprise in a participating unit.

(k) The expenditures of a borrower or grantee of money from a regional venture capital fund that are considered to be for an economic development purpose include expenditures for any of the following:

(1) Research and development of technology.

(2) Job training and education.

(3) Acquisition of property interests.

(4) Infrastructure improvements.

(5) New buildings or structures.

(6) Rehabilitation, renovation, or enlargement of buildings or structures.

(7) Machinery, equipment, and furnishings.

(8) Funding small business development with respect to:

(A) prototype products or processes;

(B) marketing studies to determine the feasibility of new products or processes; or

(C) business plans for the development and production of new products or processes.

SECTION 13. IC 6-3.5-7-13.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: **Sec. 13.6. (a) The fiscal body of a county or municipality may, by resolution, establish a local venture capital fund.**

**(b) A unit establishing a local venture capital fund under subsection (a) may deposit the following in the fund:**

**(1) Taxes distributed to the unit under this chapter.**

**(2) The proceeds of public or private grants.**

**(c) A local venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.**

**(d) The fiscal body of a unit establishing a local venture capital fund under subsection (a) shall establish the terms for the administration of the local venture capital fund. The terms must include the following:**

**(1) The membership of the governing board.**

**(2) The amount of the unit's contribution to the fund.**

**(3) The procedures and criteria under which the governing board may loan or grant money from the fund.**

**(4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the**

1 dissolution.

2 (e) A unit establishing a local venture capital fund under  
3 subsection (a) must be represented by at least one (1) member of  
4 the governing board.

5 (f) The membership of the governing board must be established  
6 on a bipartisan basis so that the number of the members of the  
7 governing board who are members of one (1) political party may  
8 not exceed the number of members of the governing board  
9 required to establish a quorum.

10 (g) A majority of the governing board constitutes a quorum, and  
11 the concurrence of a majority of the governing board is necessary  
12 to authorize any action.

13 (h) The terms established under subsection (d) for the  
14 administration of the local venture capital fund must be submitted  
15 to the Indiana economic development corporation for approval  
16 before a unit may contribute to the fund.

17 (i) A majority of members of a governing board of a local  
18 venture capital fund established under this section must have at  
19 least five (5) years of experience in business, finance, or venture  
20 capital.

21 (j) The governing board of the fund may loan or grant money  
22 from the fund to a private or public entity if the governing board  
23 finds that the loan or grant will be used by the borrower or grantee  
24 for at least one (1) of the following economic development  
25 purposes:

26 (1) To promote significant employment opportunities for the  
27 residents of the unit establishing the local venture capital fund.

28 (2) To attract a major new business enterprise to the unit.

29 (3) To develop, retain, or expand a significant business  
30 enterprise in the unit.

31 (k) The expenditures of a borrower or grantee of money from a  
32 local venture capital fund that are considered to be for an  
33 economic development purpose include expenditures for any of the  
34 following:

35 (1) Research and development of technology.

36 (2) Job training and education.

37 (3) Acquisition of property interests.

38 (4) Infrastructure improvements.

39 (5) New buildings or structures.

40 (6) Rehabilitation, renovation, or enlargement of buildings or  
41 structures.

42 (7) Machinery, equipment, and furnishings.

43 (8) Funding small business development with respect to:

44 (A) prototype products or processes;

45 (B) marketing studies to determine the feasibility of new  
46 products or processes; or

47 (C) business plans for the development and production of  
48 new products or processes.

49 SECTION 14. IC 27-5.1-2-8 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:  
 Sec. 8. The following provisions apply to standard companies and  
 extended companies:

- (1) IC 27-1-3.
- (2) IC 27-1-3.1.
- (3) IC 27-1-5-3.
- (4) IC 27-1-7-14 through IC 27-1-7-16.
- (5) IC 27-1-7-21 through IC 27-1-7-23.
- (6) IC 27-1-9.
- (7) IC 27-1-10.
- (8) IC 27-1-13-3 through IC 27-1-13-4.
- (9) IC 27-1-13-6 through IC 27-1-13-9.
- (10) IC 27-1-15.6.
- (11) IC 27-1-18-2.**
- ~~(11)~~ **(12)** IC 27-1-20-1.
- ~~(12)~~ **(13)** IC 27-1-20-4.
- ~~(13)~~ **(14)** IC 27-1-20-6.
- ~~(14)~~ **(15)** IC 27-1-20-9 through IC 27-1-20-11.
- ~~(15)~~ **(16)** IC 27-1-20-14.
- ~~(16)~~ **(17)** IC 27-1-20-19 through IC 27-1-20-21.3.
- ~~(17)~~ **(18)** IC 27-1-20-23.
- ~~(18)~~ **(19)** IC 27-1-20-30.
- ~~(19)~~ **(20)** IC 27-1-22.
- ~~(20)~~ **(21)** IC 27-4-1.
- ~~(21)~~ **(22)** Except as provided in IC 27-6-1.1-6, IC 27-6-1.1-2.
- ~~(22)~~ **(23)** IC 27-6-2.
- ~~(23)~~ **(24)** IC 27-7-2.
- ~~(24)~~ **(25)** IC 27-9.
- ~~(25)~~ **(26)** IC 34-30-17.

SECTION 15. [EFFECTIVE JANUARY 1, 2007] **IC 6-2.5-5-41, as added by this act, applies to transactions occurring after December 31, 2006.**

SECTION 16. [EFFECTIVE APRIL 1, 2006] **IC 6-3.1-13-15.5, as amended by this act, applies to applications for credits filed under IC 6-3.1-13 after March 31, 2006.**

SECTION 17. [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **(a) The definitions set forth in IC 6-3.1-30, including IC 6-3.1-30-2, as amended by this act, apply throughout this SECTION.**

**(b) Notwithstanding the effective dates included in P.L.193-2005, SECTION 21 of P.L.193-2005 takes effect January 1, 2006, and not January 1, 2007.**

**(c) Notwithstanding SECTION 24 of P.L.193-2005, an eligible business is entitled to a credit under IC 6-3.1-30 for relocation costs that are incurred for a qualifying project during a taxable year beginning after December 31, 2005.**

**(d) Notwithstanding SECTION 21 of P.L.193-2005 and SECTION 24 of P.L.193-2005, IC 6-3.1-20-2, IC 6-3.1-30-8, and IC 6-3.1-30-12, all as amended by this act, apply to taxable years**



- 1 **beginning after December 31, 2005.**  
2 SECTION 18. [EFFECTIVE JANUARY 1, 2006  
3 (RETROACTIVE)] **IC 27-5.1-2-8, as amended by this act, applies**  
4 **only to taxable years beginning after December 31, 2005.**  
5 SECTION 19. **An emergency is declared for this act.**  
(Reference is to EHB 1380 as printed February 14, 2006.)

**Conference Committee Report**  
**on**  
**Engrossed House Bill 1380**

**S**igned by:

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Representative Smith J  
Chairperson

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Senator Ford

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Representative Austin

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Senator Hume

**House Conferees**

**Senate Conferees**